

## Message Text

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ACTION EB-07

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 7877

AMEMBASSY SAN JOSE

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SAN JOSE FOR AGATT

EO 11652: N/A

TAGS: EPAP, EAGR, PN

SUBJECT: PANAMANIAN MEAT EXPORTS

REF: A. STATE 114525; B. STATE 119045; C. PANAMA 2457

1. EMBASSY HAS PRESENTED NOTE TO THE FOREIGN MINISTRY RE-ITERATING OUR REQUEST THAT PANAMA PARTICIPATE IN THE 1976 VOLUNTARY RESTRAINT PROGRAM. TEXT OF NOTE DRAWS ON OBSERVATIONS CONTAINED IN REFTEL(B). GOP DECISION ON AGREEMENT DEPENDS ON INPUT FROM MINISTER OF AGRICULTURE PAREDES, WHO ATTENDED IDB MEETINGS AT CANCUN BEFORE RETURNING TO PANAMA FROM WASHINGTON. WE WILL CONTINUE TO PRESS FOR A TIMELY EXCHANGE OF NOTES.

2. EMBASSY CONTACTED OFFICE OF PRICE CONTROL TO VERIFY INFORMAL SHIPPING MORATORIUM REPORTED REFTEL(C). LAST SHIPMENT APPROVED BY OFFICE WAS DATED APRIL 12 -- THE 5 DAY LAG TIME BETWEEN AGREEMENT AND ACTUAL IMPLEMENTATION WAS DUE TO "MEAT ALREADY IN THE PIPELINE", ACCORDING TO GOP.

3. IN RESPONSE TO QUESTIONS RAISED IN REFTEL(A), TWO MAJOR CONSTRAINTS OPERATE AGAINST THE ENTRY OF AUSTRALIAN MEAT INTO DOMESTIC MARKET: (A) SUCH MEAT WOULD BE SUB-LIMITED OFFICIAL USE

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JECT TO PANAMANIAN IMPORT DUTIES ONCE DIVERTED FROM THE

DUTY-FREE RE-EXPORT CATEGORY. (B) INFORMAL MONITORING BY DOMESTIC CATTLEMENT IS RATHER EFFECTIVE IN A SMALL COUNTRY WITH A LIMITED NUMBER OF PROCESSING PLANTS.

4. EXECUTIVE-SECRETARY OF NATIONAL CATTLEMENT'S ASSOCIATION REPORTS THAT FORMAL MONITORING OF AUSTRALIAN MEAT PROCESSING BY INSPECTORS FROM HIS ORGANIZATION WAS FAIRLY EFFECTIVE, BUT THAT MAJOR PORTION OF AUSTRALIAN MEAT SHIPPED UNDER PANAMA'S VOLUNTARY RESTRAINT ALLOCATION HAD ALREADY BEEN PROCESSED BY THE TIME INSPECTORS WERE IN PLACE. OPERATION AT EL GANADERO PLANT IN PANAMA CITY WAS RELATIVELY EASY TO MONITOR, SINCE FROZEN BONELESS BEEF WAS BEING CHOPPED INTO STEW BEEF AND RE-PACKAGED. SITUATION WAS MORE COMPLICATED IN TWO PACKING PLANTS LOCATED IN DAVID, SINCE THEY WERE HANDLING AUSTRALIAN CARCASS MEAT, DOMESTIC CARCASS MEAT, AND AUSTRALIAN FROZEN BONELESS MEAT SIMULTANEOUSLY.

5. LATEST FIGURES OBTAINED FROM PRICE CONTROL OFFICE SHOW TOTAL MEAT EXPORTS TO THE US DURING 1976 OF 5.5 MILLION POUNDS -- 1.9 MILLION DOMESTIC, AND 3.6 MILLION AUSTRALIAN. OF THE AUSTRALIAN MEAT RE-EXPORTED, 862,000 POUNDS WERE SHIPPED BY THE PACKINGHOUSE PROCESSING ONLY STEW MEAT NOT SUBJECT TO VOLUNTARY RESTRAINT PROGRAM. EXACT AMOUNT OF REMAINING AUSTRALIAN RE-EXPORTS SUBJECT TO VRP NOT AVAILABLE FROM GOP DATA, ALTHOUGH US CUSTOMS DATA THROUGH APRIL 16 (REFTEL A) SUPPORT OUR IMPRESSION THAT THE MAJORITY OF THIS MEAT ENTERED US UNDER TSUS CATEGORIES 106.10 AND 106.20.

6. COMMENT: WHILE EMBASSY CONTINUES TO PRESS GOP FOR FORMAL AGREEMENT TO VOLUNTARY RESTRAINT PROGRAM ON REALIZATION THAT PANAMANIAN PARTICIPATION ESSENTIAL TO OVERALL PROGRAM, THERE REMAINS CONSIDERABLE ROOM FOR DOUBT CONCERNING JUST WHAT SUCH AN AGREEMENT WOULD ACTUALLY MEAN PENDING DECISION ON QUESTION FIRST POSED BY EMBASSY LAST NOVEMBER (75 PANAMA 6876), I.E. TO WHAT COUNTRY'S ALLOCATION IS RE-EXPORTED MEAT CHARGEABLE. REF A STATES THAT US IS UNABLE TO ACCEPT SHIPMENTS KNOWN TO BE ABOVE PANAMANIAN ALLOCATION ORIGINALLY ENVISAGED UNDER PROGRAM (2.6 MILLION LBS), AND TEXT OF AGREEMENT SPELLS OUT PROCEDURES TO PREVENT LIMITED OFFICIAL USE

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OVER-SHIPMENT, INCLUDING PROVISION OF WEEKLY US CUSTOMS STATISTICAL INFORMATION (WHICH WILL BE GOVERNING FOR PURPOSES OF AGREEMENT). NEVERTHELESS, REF A ALSO REPORTS THAT CUSTOMS SHOWS IMPORTS OF BEEF FROM PANAMA UNDER TSUS CATEGORIES 106.10 AND 106.20 (I.E. UNDER MEAT IMPORT PROGRAM) OF 3.1 MILLION LBS AS OF APRIL 16. IF DECISION MADE THAT RE-EXPORTED AUSTRALIAN MEAT INCLUDED IN THAT TOTAL IS PROPERLY CHARGEABLE TO PANAMANIAN ALLOCATION, MAJOR PROVISION

OF AGREEMENT WOULD HAVE ALREADY BEEN BROKEN.

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